DSCC Initiatives
DSCC Supplier Conference

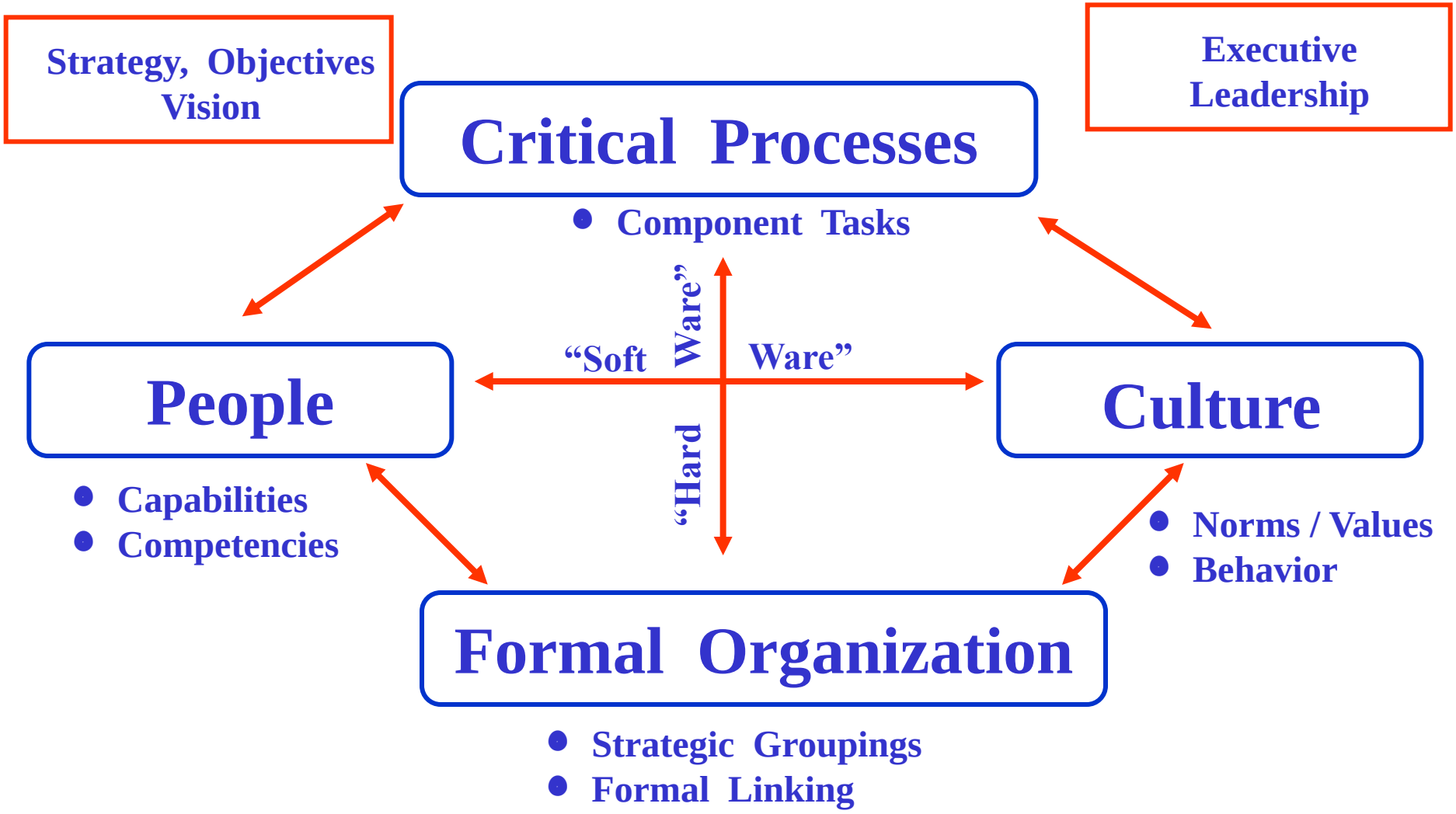
Ivan K. Hall
Director
Readiness & Business Operations

Agenda

- Process
- Initiatives / Outcomes
- Current Focus
- Summary

Process

Tool: "Congruence Model"



Process Overview

Stage 1

Strategic Analysis
- What's our strategic Intent?

Stage 2

Gap Identification
- Select key performance / Opportunity gaps

Stage 3

Root Cause Analysis
- Key contributors to our gap?
- Why? Why? Why?

Stage 4

Solution Building
- What do we do?
- How? How? How?

Stage 5

Action Planning
- POA & Ms / Responsibilities

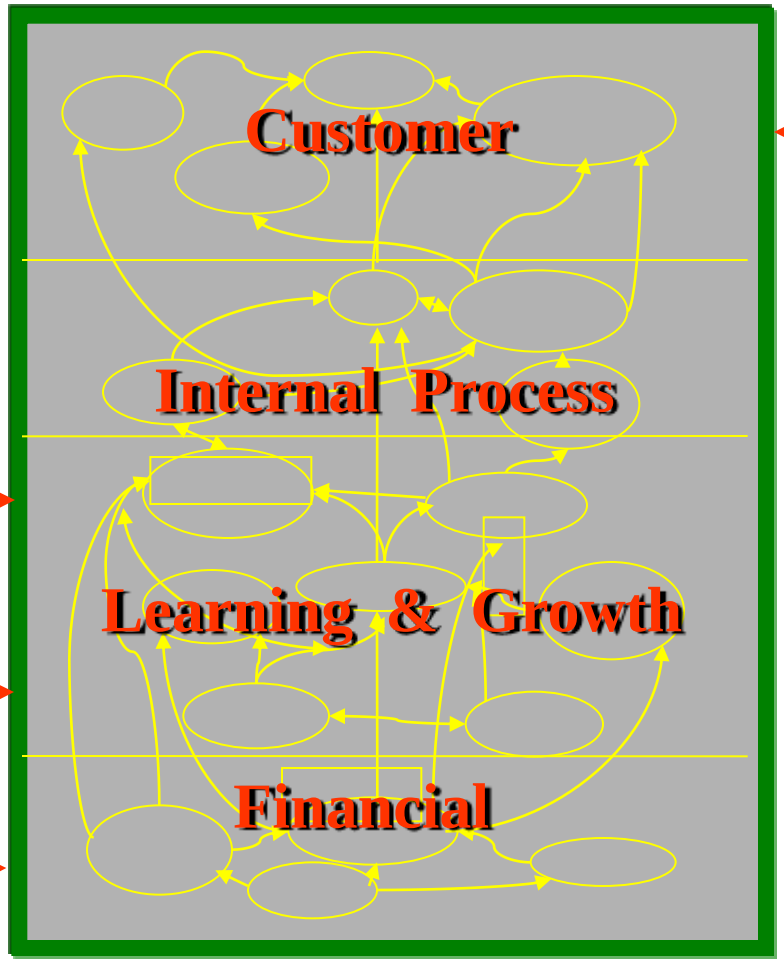
Strategic Linkage

(Stage 1)

DSCC FY00 – 04 Initiatives

Balanced Scorecard

DSCC FY00 - 04 Initiatives



Reduce Defect Rate

PLT Reduction

OEF/OIF Lessons Learned

Leadership Dvlp.

Host/Tenant Process

Material Cost Reduction

Gap Identification

(Stage 2)

- Senior Leadership / Supervisors / Union Propose Performance / Opportunity Gaps
  - Command Down Select
  - DSCC Offsites
- Deliberate Attention To Expanded Diversity Among Participants
  - Supervisor / "Devil's Advocate" / Stand-out Associates Added To Mix

Root Causes Analysis

(Stage 3)

Leadership

- Expectations
- Focus on NSNs on LTCs vice price reduction
- Price increases accepted as normal

- Automation Capabilities
- Vendor incurs more costs for DVD

Critical Tasks

People

- Training does not reflect real world environment
- Not taking advantage of quantity price breaks

Culture

- Speed vice cost reduction
- Can't influence contractors
- Price increases accepted as normal

Formal Organization

- Buying leverage
- Negotiations takes time – penalized for not meeting production goals

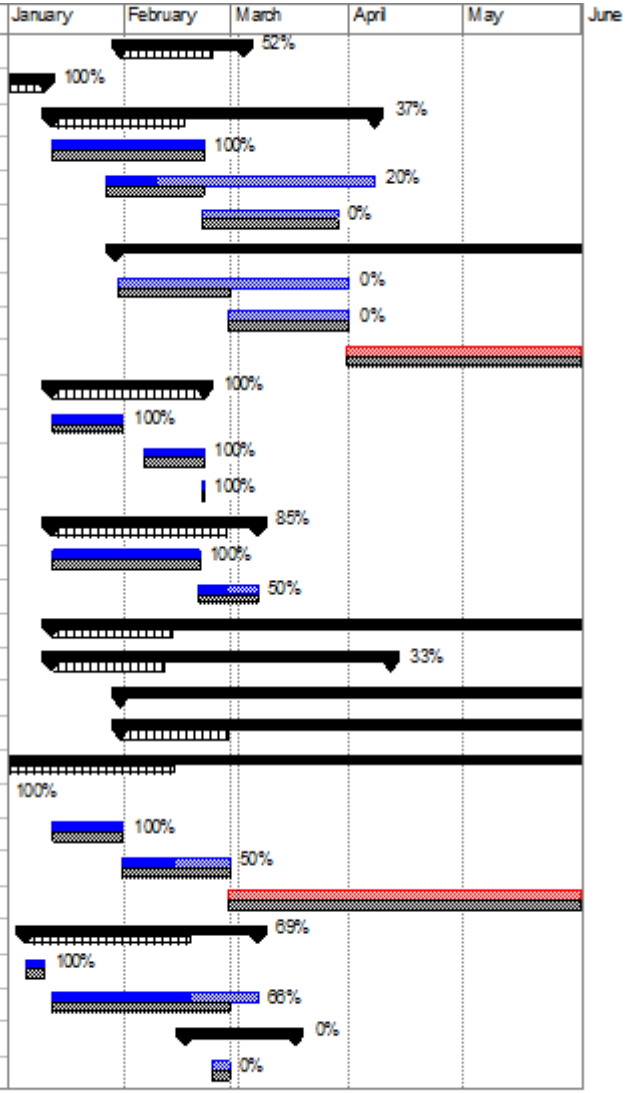
Solution Building

(Stage 4)

- Process Yields Potential Initiatives
- Use 80 / 20 Rule

Action Planning
(Stage 5)

ID	Task Name	Start	Finish	OPR
1	**Communication Plan**	**Fri 1/31/03**	**Mon 3/3/03**	
5	**Identify the Population**	**Mon 12/9/02**	**Fri 1/10/03**	**R**
9	**Sponsor Incentive Program**	**Mon 1/13/03**	**Mon 4/7/03**	**P**
10	Develop Proposal for Incentivizing Employee Negotiations	Mon 1/13/03	Fri 2/21/03	P
11	Brief ESG/Forums/Councils for input	Mon 1/27/03	Mon 4/7/03	P
12	Revise and Release through Command	Fri 2/21/03	Fri 3/28/03	P
13	**Develop Business Academy**	**Thu 1/30/03**	**Tue 9/30/03**	**O**
14	Develop Curriculum	Thu 1/30/03	Mon 3/31/03	Focus Leads
15	Develop Pilot and Roll-out Plan	Fri 2/28/03	Mon 3/31/03	CSO-C
16	Conduct Academy	Mon 3/31/03	Tue 9/30/03	CSO-C
17	**Increase Price Challenge Visibility**	**Mon 1/13/03**	**Fri 2/21/03**	**V**
18	Develop Approach	Mon 1/13/03	Fri 1/31/03	V
19	Brief ESG for input	Thu 2/6/03	Fri 2/21/03	V
20	Brief at Focus 03 IPR For Implementation	Fri 2/21/03	Fri 2/21/03	V
21	**Require SSA/SMS Price Reduction Strategies**	**Mon 1/13/03**	**Fri 3/7/03**	**P**
22	Develop Draft Policy	Mon 1/13/03	Thu 2/20/03	P
23	Review Policy and Incorporate Comments	Thu 2/20/03	Fri 3/7/03	P
24	**DIBBS/PACE Enhancements**	**Mon 1/13/03**	**Tue 9/30/03**	**B/P**
25	**Review Pricing Threshholds**	**Mon 1/13/03**	**Fri 4/11/03**	**P/B**
28	**Implement Price Break Analyzer**	**Fri 1/31/03**	**Tue 9/30/03**	**B**
31	**Implement Automated Negotiations**	**Fri 1/31/03**	**Tue 9/30/03**	**B**
34	**Require Incremental Bids**	**Mon 12/2/02**	**Tue 9/30/03**	**B/P/R**
35	Develop Price Break Analyzer	Mon 12/2/02	Tue 12/31/03	R
36	Establish Policy/Guidance	Mon 1/13/03	Fri 1/31/03	B/P
37	Deploy through ESG/Councils/Forums/MOTD	Fri 1/31/03	Fri 2/28/03	B/P
38	Track Results	Fri 2/28/03	Tue 9/30/03	R
39	**Deploy Materiel Cost Reduction Dashboard Metrics**	**Mon 1/6/03**	**Fri 3/7/03**	**B/R**
40	Identify Source Data and Metric	Mon 1/6/03	Fri 1/10/03	R
41	Develop Automated Dashboard Feed	Mon 1/13/03	Fri 3/7/03	B
42	**Ensure Previous Awardees Contacted**	**Mon 2/17/03**	**Mon 3/17/03**	**P**
43	Send Electronic Notice to Vendors for Automated Systems	Mon 2/24/03	Fri 2/28/03	B



Initiatives / Outcomes

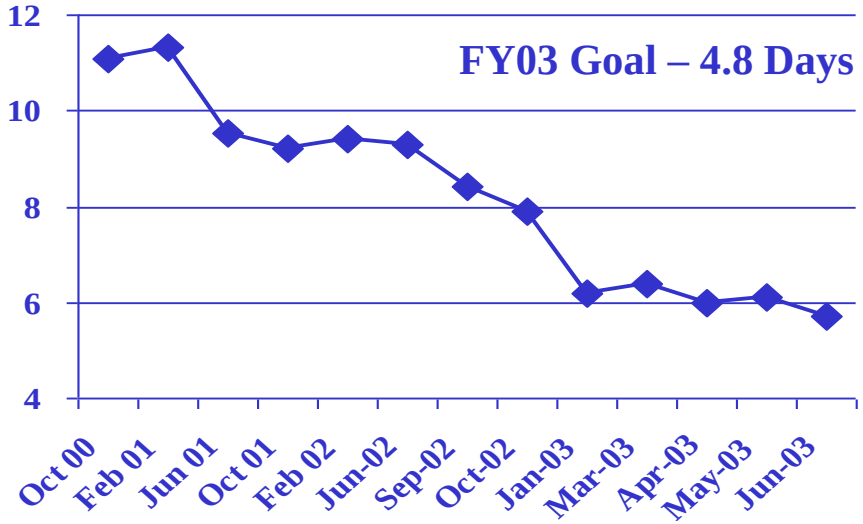
FOCUS Initiatives/ Outcomes

Initiatives	Outcomes
War on Backorders	36% Reduction
LRT/CWT Reduction	Down 30%
Reduce Our CRR	From Current 37% CRR to 24% in FY04
Managing Our Suppliers	Increased LTC Dollars Obligated by 200.5M from 356.9M in FY00 to 557.4M in FY02

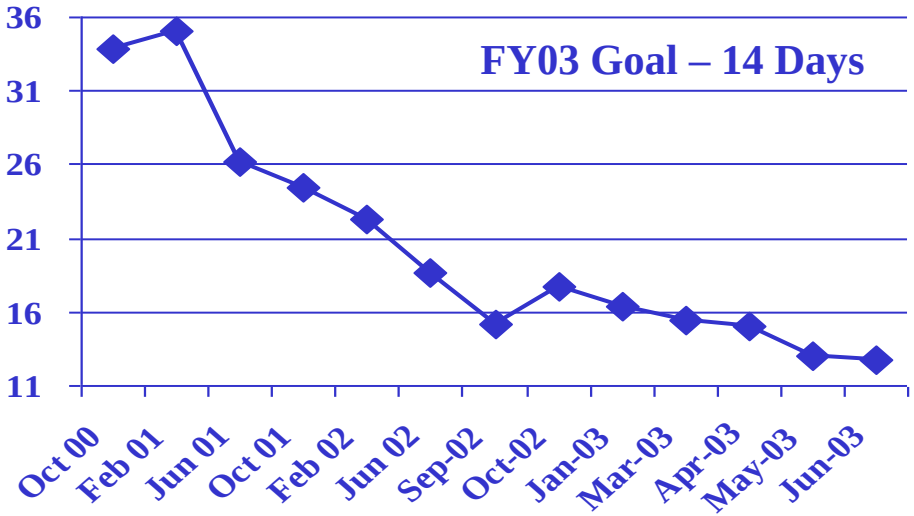
Has It Worked ?

Key Metrics

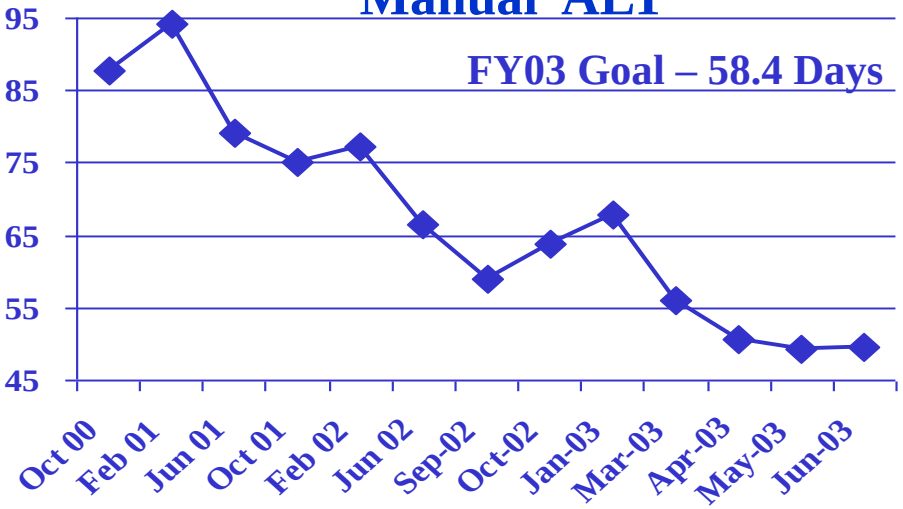
Logistics Response Time



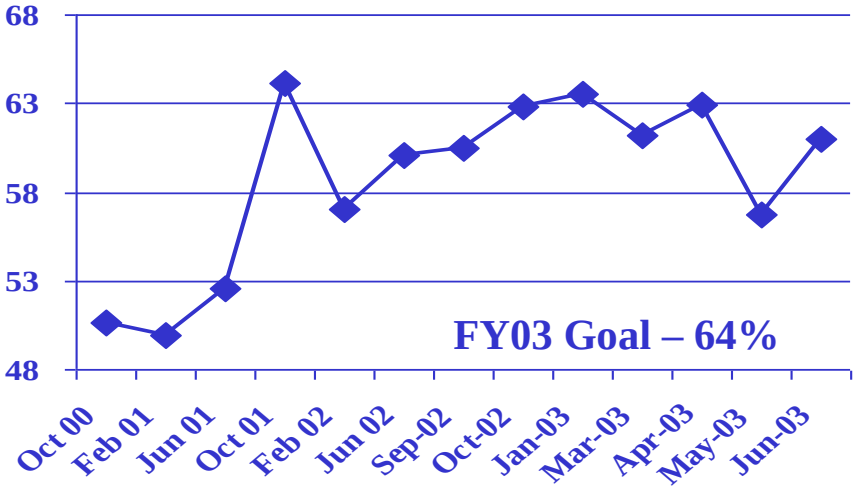
PR Processing Time



Manual ALT



Shift To Commercial Practices



Current Focus

FOCUS 04 Targets

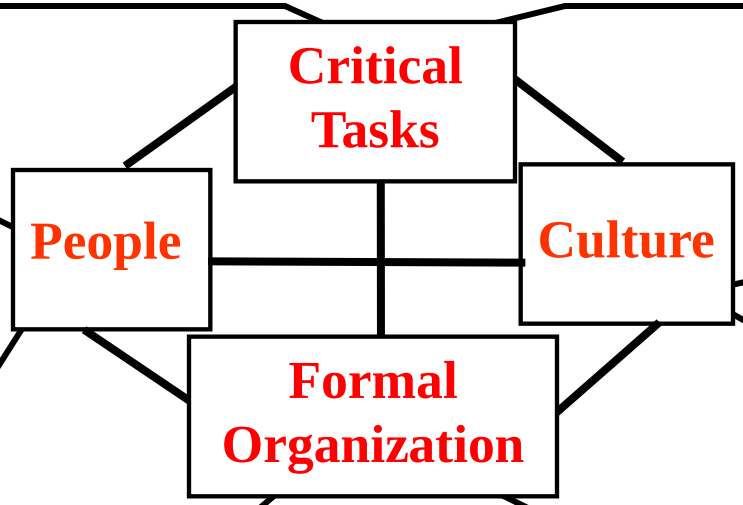
- Reduce Defect Rate
- Production Lead-Time
- Institutionalize Lessons Learned OIF / OEF
- Optimize Host / Tenant Relationships
- Leadership Development
- Materiel Cost Reduction

Opportunity Gap

Reduce Overall Production Lead Time (PLT) By 25% In FY04

Root Causes

- Vendor Performance
- Limited Communication with Vendors
- Limited Use of Contracting Techniques
- Inadequate ESA Support/Communication
- Inadequate Metrics



- Complacency Regarding PLT
- Need for Better Communication
- Fear of Taking Risks

- Negotiation Skills
- Limited Understanding of Financial Impact
- No Common Understanding of Options with Delinquent Contractors

- Lack Automated Tools to Evaluate Trade-Offs
- Limited Long-Term Vendor Relationships
- Soliciting Only For PLT of Record
- Limited DCMA Industrial Specialist Involvement

Solutions

Demo At This Conference

- DSCC Industry Day
- Buy Requirement Projections on Web
- Use Delivery Evaluation Factors
- Improved Engineering Support
- Solicit a 30% Reduction in PLT
- Use Cost Model for Evaluating Extensions

Critical Tasks

People

Culture

Formal Organization

- Train Workforce
  - Negotiations
  - Support Tools
  - Options for Delinquent Contractors

- Challenge Leaders, Forums, and Councils
- Recognize Personnel Who Reduce PLT

- Establish Online Delivery Evaluation Factor Model
- Expand DCMA Support Role
- Aggressively Develop Strategic Supplier Alliances
- Establish PLT as a Dashboard Metric

Actions / Expected Outcomes

- Solicit for Reduced PLTs –Automated/Manual
- Improve Communications with Suppliers
- Train and Empower Acquisition Personnel
- Establish and Monitor Metrics on PLT
- Expected Outcomes:
  - Shortened Reaction Time to Surge Demands
  - Reduction of Production Lead-Time Inventory Investments
  - Re-Investment of Savings

Opportunity Gap

Institutionalize Materiel Cost Reduction Strategies by End of FY 04

Root Causes

Leadership

- Expectations
- Focus on NSNs on LTCs vice price reduction
- Price increases accepted as normal

- Automation capabilities
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- Training does not reflect real world environment
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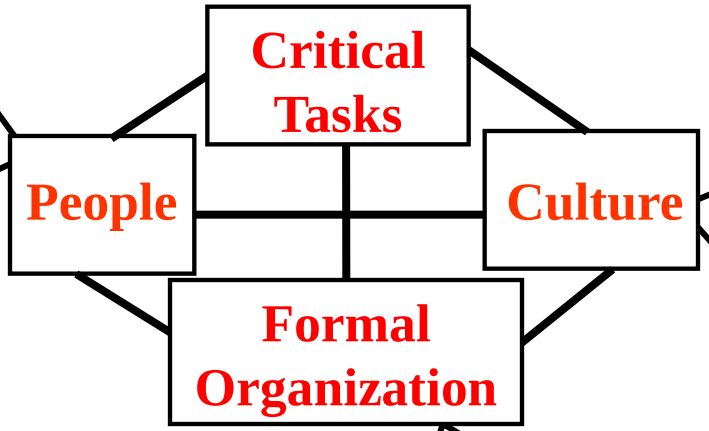


- Speed vice cost reduction
- Can't influence contractors
- Price increases accepted as normal

- Buying leverage
- Negotiations takes time - penalized for not meeting production goals

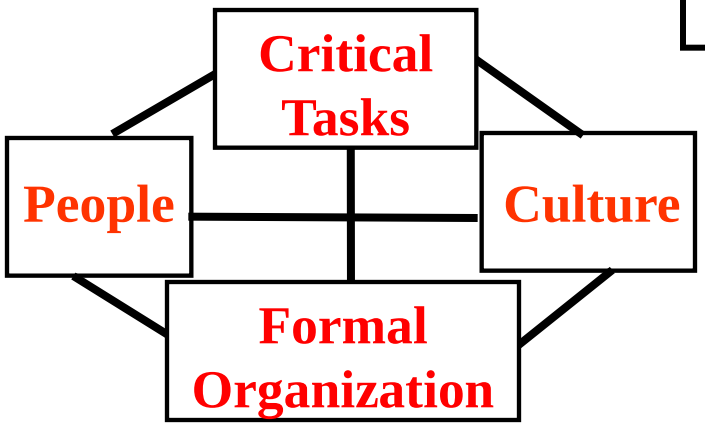
Solutions

Leadership

- Clarify expectations
- Identify the right population –then measure

- Enhance automation
- Require incremental bids

- Business Academy
- Award program



- Make price challenges more visible
- SSAs must address price reduction

- Accountability for key suppliers
- Cascade dashboard metrics

Actions / Expected Outcomes

- Designed The Template
- Execute The Right Strategies
  - Make Visible To Buyers On The Floor
  - PACE Enhancements
  - Long Term Contracts
  - Strategic Supplier Alliances
  - Dashboard Metrics
- Expected Outcomes
  - Institutionalize MCR processes internally and partner with suppliers to achieve success

Summary

- Proven Change Management Process in Place
- It's Working !
- FY00 – 02 Inwardly Focused
  - Cycle Times, Through – Put
- FY 03 / 04 Externally Focused
  - Supplier's / Customers
- Want Your Input
  - PLT, Materiel Cost Reduction

ivan.hall@dla.mil